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VA establishes new threshold for reporting benefit and medical debt

WASHINGTON — The Department of Veterans Affairs published a final rule in the [Federal Register](#), Feb. 2, amending VA's procedures for reporting debt to consumer reporting agencies.

These revisions change VA's minimum requirements for reporting debt.

The rule also provides opportunity for [relief and helps Veterans](#) experiencing financial hardship. This is especially important now that the department has [resumed debt collection activities](#) as of Oct. 1, 2021.

"Reporting debt to consumer reporting agencies impacts credit worthiness and negative reports may cause financial distress for Veterans," said VA Secretary Denis McDonough. "Late remittance or nonpayment can lead to debt collection. However, overpayment of benefits funds is often debt accrued through no fault of the Veteran.

These new changes will result in a 99% reduction in unfavorable debt reported to consumer reporting agencies, thus reducing financial distress for Veterans."

Previously, roughly 530,000 allowable VA debts were reported annually to CRAs resulting in approximately 60,000 delinquent VA debts being referred to credit reporting agencies each year.

The [Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020](#) authorizes the VA Secretary to prescribe regulations for establishing the minimum threshold and methodology used to determine debt reported by the department. Under these new amendments, VA will not report to CRAs until all available collection efforts are exhausted and the specified debt becomes classified as not collectible. Additionally, the department will not report debts owed by Veterans determined to be catastrophically disabled and entitled to VA's cost-free health care due to low income.

"This action by the Department of Veterans Affairs sets an important new standard to halt the financial distress many families face when medical debt unfairly hits their credit report," said Consumer Financial Protection Bureau Director Rohit Chopra. "I expect that many in the health care industry will seek to follow Secretary McDonough's lead to end the practice of forcing patients to pay up through aggressive credit report coercion."

Relief options will continue for Veterans still experiencing financial distress. Enhanced relief options include repayment plans, waivers and temporary hardship suspensions.

VA will also continue to report any debt incurred by individuals who have committed fraud, misrepresentation or bad faith.

Veterans and beneficiaries with questions regarding overpayments of benefits may reference [frequently asked questions](#), go online to [submit requests](#) or call 800-827-0648. For questions about medical and pharmacy [copayment debt](#), Veterans can contact the Health Resource Center at 866-400-1238.

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